



STAT

Please read
initial & give
to Beta file.



form
itself
N.B. 12/23

STAT

Approved For Release 2009/08/20 : CIA-RDP87-00868R000100090003-4

REPLY TO
"U.S. CIVIL SERVICE COMMISSION"
AND REFER TO

UNITED STATES CIVIL SERVICE COMMISSION
BUREAU OF RETIREMENT AND INSURANCE
WASHINGTON 25, D.C.

FILE RI:JHF:smr
AND DATE OF THIS LETTER

DECEMBER 1964

[Redacted]
President
GEHA
P. O. Box 463
Washington 4, D. C.

5
M
JL 12/20/64
MB

Attached is a copy of a change in the Commission's health benefits STAT regulations affecting advertising by carriers, which will become effective on its publication in the Federal Register on December 19, 1964, and a copy of a press release announcing the Commission's decision.

Sincerely yours,

Andrew E. Ruddock

Andrew E. Ruddock
Director

Enclosures (2)

CIVIL SERVICE

news**U.S. CIVIL SERVICE COMMISSION**

news unit

Washington, D.C.
20415telephone: 343-7391
room 5354 / 1900 E st., N.W.**FOR RELEASE:**

ADVANCE FOR FRIDAY MORNING NEWSPAPERS
 NOT TO BE USED BY PRESS, RADIO, OR TV BEFORE
 6:30 P.M., EST., THURSDAY, DECEMBER 17, 1964

fmf

The Civil Service Commission announced today that it is changing its regulations to remove the present restriction against carriers advertising their plans under the Federal Employees Health Benefits program.

The present regulations have prohibited carriers from advertising plans since 1960, when the program began. The main reason for the ban was to enable employees to choose a plan, from among the large number available to them, on the basis of the complete factual descriptions of benefits in the official brochures. Prior to the program, most employees had never had to exercise such a choice. The Commission now believes that employees, after having had three opportunities in five years to study and select or change plans, have learned to rely on the official brochures for an accurate description of a plan's benefits, limitations, and exclusions.

While carriers will be permitted to advertise, they will be strictly prohibited from charging any advertising costs against premiums paid by Federal employees. Any carrier who decides to advertise will have to do so at his own expense rather than the employee's and Government's. "We believe that the employee's and Government's premium dollar should be used to provide health benefits rather than to pay for advertising," the Commission said.

The Commission also said it is confident that all carriers, even though unable to agree on advertising rules which would apply uniformly to all of them, will recognize the need for responsibility and restraint in any advertising they use in connection with the Federal Employees Health Benefits program.

The Commission has previously announced that an open season is scheduled for February 1 through 15, 1965. During this time eligible employees may enroll in a plan, and employees and annuitants who are already enrolled may change plans, options, and from single to family enrollment.

#

TITLE 5 - ADMINISTRATIVE PERSONNEL

CHAPTER I - CIVIL SERVICE COMMISSION

PART 890 - FEDERAL EMPLOYEES HEALTH BENEFITS PROGRAM

On June 5, 1964, August 19, 1964, and September 10, 1964, notices of proposed rule making were published in the Federal Register (29 F.R. 7327, 29 F.R. 11844, 29 F.R. 12784) stating that the Civil Service Commission was considering amendments of the regulations governing the Federal Employees Health Benefits Program.

Except for a proposed change relating to advertising by carriers all of these proposed rule-making procedures were terminated on October 29, 1964, by publication in the Federal Register (29 F.R. 14711) of the proposed amendments.

As indicated in the material accompanying the October 29, 1964, publication, so many comments - or questions - were received about the proposed advertising regulations published as proposed rule making on June 5, 1964, that different regulations were drafted and circulated to carriers by letter of October 8, 1964.

The present regulations have restricted advertising of plans by carriers since 1960, when the Federal Employees Health Benefits Program began. The main reason for the ban was to enable employees to choose a plan from among the large number available to them based on the factual description of benefits in the official brochure. Prior to the program, most employees had never had to exercise such a choice. The Commission

now believes that employees, after experiencing three opportunities in five years to study and select or change plans, have learned to rely on the official brochures for an accurate description of a plan's benefits, limitations, and exclusions.

Comments received from carriers on the proposals of June 5 and October 8, 1964, indicate that most of them favor some restrictions on advertising. However, many object to regulations so restrictive as to terminate customary carrier practices which incidentally advertise their plans. While many of these practices are moderate, their variety and number is such that a regulation permitting all of them would in fact permit all forms of advertising. Upon consideration, it appears that removal of the restrictions on advertising will not adversely affect the interests of employees, and is the best solution to the problem confronting carriers.

This change does not affect existing contractual provisions and accounting practices which prohibit carriers from charging advertising costs to health benefit contracts.

Accordingly, section 890.204 of Part 890 of Title 5 is revoked, effective on the date of publication in the Federal Register.

UNITED STATES CIVIL SERVICE COMMISSION.

Mary V. Wenzel
Executive Assistant to the
Commissioners